

INTRODUCTION

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The DCS/DES/DYS Joint Administrator's Memo Series Numbers DCS 93-14, DES 93-90 and DYS 93-08 announced that the Department of Health and Social Services (DHSS) would be issuing a manual to assist county and tribal managers who deal on a daily basis with financial and contract administration issues that arise when managing programs funded with federal and state dollars.

This Financial Management Manual is that new manual.

Background

The Department has developed this manual for several reasons. Many of the department's financial management policies were outdated and needed to be revised. Policies were scattered among various documents, and it was believed that pulling all of the policies together in one spot would facilitate easier access to and greater awareness and use of the policies. The Department also is committed to providing county officials and others who are responsible for managing and administering programs funded through the DHSS with some of the key pieces of information needed to do those jobs effectively.

However, DHSS staff attempting to develop a "useable" manual were faced with a dilemma.

On the one hand, counties and other recipients of funds from this department are subject to literally volumes of laws, rules, regulations, policies, and procedures. The rules may be state or federal, and they may be applicable to general administration of funds or to a specific program. All of the applicable materials need to be observed in the operation of individual programs. And in the case of county and tribal units of government -- which operate a wide variety of programs -- the amount of material that needs to be followed is considerable.

On the other hand, given the sheer volume of applicable laws, rules, and regulations that needs to be understood and followed in the administration of programs, it is quite difficult for managers to be familiar enough with all of the relevant materials to use them as a basis for daily operational decision-making.

It was decided to try to find some middle ground by compiling a manual that, while not all-inclusive, would contain some of the core materials that managers need to follow in operating their programs, without containing so much material that the manual becomes useless as a ready reference.

In compiling a manual that is not all-inclusive, we do not intend to suggest that administrative and financial management requirements not included here may be disregarded by managers. Managers must still comply with all applicable laws, rules, and regulations.

What we hope to accomplish by issuing this manual is to provide a selective "basic tool kit" which managers can use to deal with a variety of issues that arise routinely in operating state and federally funded programs. The inherent limitation of this manual, as with any other basic tool kit, is that the user will sometimes encounter a job that requires more than the basic tools to do the job properly. At that time, the kit needs to be expanded accordingly. However, we hope that users of this manual will find its content provides them with valuable assistance in performing a wide variety of jobs that are encountered regularly.

Organization and Content of the Manual

The material in a manual like this could be organized in a number of different ways. For this initial release of the manual we have adopted a simple organizational structure. The first two sections of the manual state and/or explain some of the basic requirements that need to be met in managing state and federally funded programs. The third section provides some advice which we hope managers will find useful for addressing particular problems that might arise from time to time.

Most, if not all, potential users of this manual already have copies of the *Provider Agency Audit Guide (PAAG)* issued by this Department and the [State Single Audit Guidelines \(SSAG\)](#) issued by the Wisconsin Department of Administration. Although not possible with the *SSAG*, which is too voluminous, manual users do have the option of inserting their *PAAG* into this manual for convenient storage and reference. We have included copies of certain other documents which agencies are less likely to have on hand, such as the federal audit and allowable cost circulars.

We anticipate that the contents of this manual will grow over time. If future growth suggests that the contents need to be reorganized to make the manual more useful to users, an appropriate adjustment will be made.

The first piece in the manual, "[Basic Elements of an Effective Financial Management System](#)," provides a conceptual framework that most of the remaining chapters of the manual elaborate. It relies heavily on a statement of federal financial management standards that need to be met by organizations receiving federal funds. Several of the next chapters provide more detailed statements and/or explanations of the core financial management standards.

This manual also serves to essentially replace the existing [Allowable Cost Policy Manual](#). Four of the five chapters of the existing *Allowable Cost Policy Manual* -- all chapters, that is, except Chapter III which speaks directly to specific items of allowed and unallowed costs -- has been updated, revised, and relocated in other chapters of this manual. It is no longer considered necessary, therefore, for counties,

tribes, and boards to retain these chapters of the old manual.

However, Chapter III of the existing *Allowable Cost Policy Manual* is another matter. This chapter still very much represents the Department's policy on which costs are, or are not, allowable. Consequently, a copy of the ACPM's Chapter III is included in this manual's Chapter B3, along with copies of federal cost principle circulars which articulate relevant federal allowable cost principles. Since these principles always need to be followed, we have provided the actual circulars to use instead of the paraphrases of the material that were found in the older manual.

There is a brief description of the Department's payments system, the [Community Aids Reporting System](#) (CARS), which is driven by the expenditure reports that organizations submit to the Department.

The Department has put together a new [Model Purchase of Service Contract](#) that counties may use for the purpose of contracting with providers. This has been updated and, for 1994, includes program specific contract provisions covering the JOBS program. The inclusion of such provisions marks a new direction that the department hopes to follow in the future. There will continue to be a core or base contract covering most contracting situations. When there need to be specific provisions added to meet the special needs of certain programs, these will be added to appendices to the base contract instead of calling for a completely new document integrating program specific requirements into the body of the base contract provisions.

There are very few managers (financial or program) who welcome additional requirements with open arms. Most managers, however, welcome assistance in dealing with the problems that arise regularly in managing any organization. We have included a "Helpful Advice" section in this manual -- most of which is self-explanatory. We hope that this, rather than the "requirements" sections, will be the major growth area for future additions to the manual.

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